STATEMENT OF THE
MISSOURI FARM BUREAU FEDERATION
TO THE
UNITED STATES DEPARTMENT OF AGRICULTURE
REGARDING THE 2007 FARM BILL

Presented by:
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Good afternoon. My name is Blake Hurst. My family and I own a row-crop and greenhouse operation near Westboro in Northwest Missouri. I serve as vice president of the Missouri Farm Bureau Federation, the state's largest farm organization.

Mr. Secretary, we commend you and the U.S. Department of Agriculture for holding these sessions on the 2007 farm bill and for taking time to listen to those who have most at stake in this debate – our nation's farmers and ranchers.

The landscape of agriculture has changed considerably since the enactment of the Farm Security and Rural Investment Act of 2002. Unpredictable weather conditions and markets, uncertainties involved with international trade and variable input costs have produced turbulent times for production agriculture. This year has been particularly difficult for Missouri producers as

- Widespread drought resulted in over $350 million in crop and hay production losses;
- Production costs increased due to the skyrocketing price of fuel, fertilizer and other energy-related inputs;
- Hurricanes Katrina and Rita disrupted barge traffic on the Mississippi River, causing shipping rates to increase and the basis for corn and soybeans to weaken; and
- Loan deficiency payments in several counties did not reflect local market conditions.

To add insult to injury, the U.S. Army Corps of Engineers has proposed two man-made spring rises on the Missouri River in 2006 in an attempt to encourage the spawning of an endangered fish. Farm Bureau, farmers and landowners have pointed out time and time again the lower Missouri River already experiences a natural spring rise and that a man-made spring rise increases the likelihood our state's most productive farmland will be flooded. It also increases the cost of transporting both fertilizer and grain.

During this summer and fall county Farm Bureau members have discussed these and other issues facing production agriculture and have worked to develop policy positions to guide our organization in the coming year. While Missouri Farm Bureau's policy development process will not culminate until December, it is safe to say our members strongly support the 2002 farm bill and the long-term commitment it provided to farmers and ranchers. Furthermore, maintaining the structure and funding of the current farm program will continue to be a high priority for Farm Bureau.

As we look to the 2007 farm bill it is important that Congress and USDA build upon the success of the current farm bill and put into place policies that help make the United States a place where producers have the ability to remain in production agriculture and expand their operations if so desired. Considering the average age of producers continues to increase, we need to identify ways to assist beginning farmers and ranchers who are interested in production agriculture.

In addition to sound farm policy, the U.S. must also enact tax policies that stimulate investment and growth, promote domestic energy security through the development of traditional and renewable sources, invest in infrastructure and create a regulatory environment that does not stifle crop and livestock production. Issues that warrant the attention of the Administration and Congress, as they have a significant impact on the competitiveness, profitability and overall livelihood of production agriculture, include:

International Trade

International trade is increasingly important to the agriculture industry. With 96 percent of the world's consumers living outside our borders, we must continually look for ways to increase U.S. exports by reducing barriers to trade and opening new foreign markets. Missouri's agricultural exports totaled $1.24 billion in 2003, accounting for one-fourth of farm cash receipts. Soybeans, feed grains, wheat and cotton rank among our top exports.

Our ability to compete in the global marketplace will be affected greatly by the outcome of the ongoing Doha round of trade negotiations in the World Trade Organization (WTO). We continue to believe this arena represents the best opportunity to reduce trade-distorting domestic subsidies, eliminate export subsidies and increase market access for U.S. agricultural products around the world.

We commend U.S. Trade Representative Robert Portman and you, Mr. Secretary, for putting forward a bold proposal to jump-start trade talks before the next WTO meeting in Hong Kong. Our president, Charles Kruse, traveled to Geneva, Switzerland last month to discuss the U.S. proposal with foreign trade officials. Our message is clear – we will not accept any cuts in domestic support programs without substantial, meaningful gains in market access.

Transportation

Farmers rely heavily on an efficient and competitive transportation system to move their products to domestic and foreign markets and to bring agricultural inputs to their farms. The locks, dams and ports vital to the movement of agricultural commodities must be maintained and updated to preserve efficient and cost-effective waterborne transportation. This includes modernizing the system of locks and dams on the Mississippi River and maintaining navigation on the Missouri River.

While we debate the need of investing in our transportation system, Brazil, Argentina, China and other countries are building infrastructure with the goal of lowering transportation costs and increasing exports and their overall world market share. Argentina, for example, has invested over $650 million in agricultural transportation. Brazil is reconstructing its waterway system in an effort to reduce the shipping cost of agricultural commodities by 75 percent. Due in large part to transportation advancements, these two countries have captured 50 percent of the total growth in world soybean sales during the past three years. If U.S. agriculture expects to continue to effectively compete in the global marketplace, we must preserve and enhance our transportation system.

Energy

Whether it is gasoline, diesel, electricity or natural gas, farmers and ranchers must have access to reliable and affordable energy inputs. In March, our president testified before a House Small Business Subcommittee regarding natural gas prices. During his testimony he stated the "perfect storm" – the combination of significantly higher energy and fertilizer costs coupled with falling grain prices – spells serious trouble for rural America. He could not have been more correct.

Using USDA statistics as a basis, the American Farm Bureau has estimated increased energy input prices during the 2003 and 2004 growing seasons have cost U.S. agriculture over $6 billion in added expenses. The Food and Agricultural Policy Research Institute at the University of Missouri expects the cost of production for major crops in 2005 to be 20 percent greater than in 2004. This increase can be attributed primarily to fuel and fertilizer costs, but producers are also being hit with higher costs for manufactured inputs, seed, machinery and buildings. On my farm, the cost of anhydrous ammonia has increased from $250 per ton to $518 per ton, a 200 percent increase, in the past five years. During this harvest season my family spent $1,200 a day on fuel versus $500 a day in 2004. Overall, my expenditures on fuel have increased $25,000 to $30,000 this year.

Passage of the Energy Policy Act of 2005, our first comprehensive energy policy in decades, is a step in the right direction. The Renewable Fuels Standard and tax incentives for renewable energy will provide opportunities for producers and stimulate economic development in rural America. However, further action is needed to address the vulnerabilities of the energy sector and the resulting impacts on farmers and ranchers.

Mr. Secretary, thank you for the opportunity to share our thoughts with you.